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New York

President: Mr. Essy ..... (Côte d'Ivoire)

The meeting was called to order at 10.35 a.m.

Agenda item 10 (*continued*)

Report of the Secretary-General on the work of the Organization (A/49/1)

The President (*interpretation from French*): Members will recall that in an address to the General Assembly on 12 October 1994, at the conclusion of the general debate, the Secretary-General painted a disturbing picture of the financial situation of the Organization. He suggested it was up to the States Members of the United Nations to address this problem. Aside from the obvious fact that, in fulfilment of obligations under the Charter, all Members should pay their contributions in a timely manner, the Secretary-General indicated certain other points for consideration. Given the gravity of this matter affecting the very functioning of the Organization, I felt obliged to hold consultations with Member States as to the appropriate response and follow-up to the Secretary-General's statement. These consultations will facilitate a wide-ranging exchange of views on this important issue.

I would like to propose that the list of speakers in the debate on this item be closed this morning at 11 a.m.

It was so decided.

Mr. Lamamra (Algeria): I have the honour and privilege to speak on behalf of the Group of 77 and China on the important issue of the financial situation of the United Nations, which has been a matter of growing concern to us all. From time to time the Secretary-General has brought the current unsatisfactory situation to Members' attention. We therefore welcome the opportunity offered us in the General Assembly to express at the highest political level of the Organization the views shared by the Group of 77 and China on this matter.

The Group of 77 and China would like to recall that this is not the first time that such a situation has arisen. On an earlier occasion, we the Member States, in resolution 41/213, which the General Assembly adopted by consensus at its forty-first session, reaffirmed the requirement to fulfil our financial obligations promptly and in full. We also collectively recognized the detrimental effect of the withholding of assessed contributions on the functioning of the United Nations, and we recognized further that late payments adversely affect the Organization's financial stability. It is a sobering thought that despite our collective recognition of the problems we have failed to act upon them. Is it therefore any surprise that, despite the important financial reforms that were mandated in resolution 41/213, there has been no satisfactory solution to the problems. Nor is there likely to be one, so long as we do not collectively address the issues that we have fully recognized or implement the principles that we reaffirmed in resolution 41/213.

The Group of 77 and China are aware that in the post-cold-war period there are high expectations of the

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United Nations. Without a viable financial basis, however, none of those expectations will be realized, since the only source of the Organization's funds is we, the Member States. We have taken due note of the current status of contributions outstanding to the Organization, as well as its obligations. We find it self-evident that the financial problems of our Organization can be substantially addressed only when all Member States pay their contributions in full and on time. The Group of 77 and China recognize the need to extend sympathetic and particular understanding to those among us who are temporarily unable to meet their financial obligations as a consequence of genuine economic problems. In all other cases, we appeal to the membership to make every effort to pay all their dues unconditionally, in full and on time, so that the perennial problems of cash availability do not continue to circumscribe the United Nations abilities to act whenever we call upon it to do so.

The Group of 77 and China reiterate that our first and immediate objective should be to ensure a smooth flow of funds in the future. We would underline the fact that these are funds which have already been mandated by us after due consideration in the Main Committees. All of us have been afforded the opportunity to examine the Secretary-General's proposals. The Group of 77 and China believe that after the membership has approved the funding proposals there can be no other reasons for delaying payments. The Group of 77 and China believe that all our efforts to modernize and streamline the Organization in preparation for the next century will not meet with success so long as it continues to operate under a virtually permanent state of financial stress.

The Group of 77 and China note with concern the suggestion that there is somehow a link between the current cash-flow problems and the existing systems of assessment. We are unable to share this approach. There are no objective indicators that suggest this linkage. We wish to recall that the scales of assessment are the incremental result of our shared experience and common understanding. They have been arrived at collectively by the membership. They are based on guiding principles that we have all agreed with. How then can we claim that they are do not fully reflect consensus? So long as there is no mutual agreement to review or revise the consensus, it is our understanding that the existing scales have our collective sanction. We are therefore required, under the Charter, to meet our obligations.

The Group of 77 and China are ready to undertake a review of all aspects of the financial situation should this be the collective desire of all Member States, but we also wish to reiterate that any review that takes place must be on the basis of furthering our common understanding. We must build on what we have. The validity of this approach is even more relevant today. It will be our commitment to democratic action that alone will facilitate the process of reaching an agreement within an equitable, democratic and consensual framework. We believe, therefore, that any unilateral actions that could lead to undesirable results would not only deepen the current difficulties but would also serve to create reservations about the genuine commitment of all Member States to the fundamental principle of the democratization of international relations.

The Group of 77 and China would also like to reiterate that the principle of capacity to pay must remain at the very basis of determining the contributions that we are required to make to our Organization. We further reiterate that the principles for the apportioning of peace-keeping expenses, as set out in General Assembly resolution 3101 (XXVIII) and reaffirmed by consensus in subsequent resolutions dealing with financing of peace-keeping operations, remain valid today. We also recall that the need for separate procedures for apportioning peace-keeping expenses arose precisely out of an acknowledgment of the fact that such expenses constituted a very heavy burden on developing countries and should, therefore, be apportioned on the basis of procedures different from those used for the regular expenditures of the United Nations. This approach remains equally valid today; expenditure on peace-keeping is currently three times that of the regular expenditures.

The Group of 77 and China therefore hold that our discussions must be based on due recognition of agreed principles and present practices. Further, we must consider the pressing problems of alleviating the cash-flow crisis as our immediate task in our overall objective of addressing the financial situation. As Chairman of the Group of 77, I believe that to this end the proposal to establish an open-ended working group of the Fifth Committee with appropriate arrangements to ensure a high level of participation and leadership together with the sustained interest of all Member States to consider measures for restoring a viable financial basis for the Organization, with a view to arriving at the broadest possible agreement, could be considered by the Group of 77 and China in a positive and constructive manner.

Finally, the Group of 77 and China would like to highlight the fact at this late stage of the work of our

regular session that, on an exceptional basis and at this very high level, we are responding to the appeal launched by the Secretary-General on this very important issue to deliver our message of full support to the Organization.

Mr. Graf zu Rantzau (Germany): I have the honour to speak on behalf of the European Union, Austria and Hungary.

Only Member States can provide a sound financial basis for the Organization. Their assessed contributions form that financial basis. Under the United Nations Charter, Member States have a legally binding obligation to bear the expenses of the Organization as apportioned by the General Assembly; all Member States must pay their contributions promptly, in full and unconditionally. A historic review shows that the issue of the Organization's liabilities' exceeding its available cash is not a new phenomenon. It also shows that, in nearly 20 years, the Member States have not been able to resolve this issue.

On 12 October 1994, the Secretary-General took the initiative of addressing the General Assembly in plenary meeting on the longstanding difficult situation and put forward a broad range of possible ways of ensuring a viable financial basis for the Organization. The situation today is much worse, both for peace-keeping budgets and for the regular budget, than in previous years. In July 1994, the Secretary-General felt compelled to warn the members of the Security Council of the precarious state of peace-keeping finances.

The overall financial situation will deteriorate further in the coming year unless decisive and concrete measures are taken to address the situation. The member States of the European Union, Austria and Hungary meet their obligations for the regular budget and for peace-keeping operations promptly, in full and without conditions. Our contributions to the regular budget, taken together, already amount to 32.65 per cent and, for peace-keeping operations, to 34.5 per cent. Our Governments currently contribute 23 per cent of all military personnel involved in peace-keeping operations of the United Nations.

The main financial problem remains the question of arrears, which has detrimental consequences for the reserves of the Organization. As the Secretary-General has stated, the Organization has only extremely limited cash reserves; the working capital fund is virtually depleted. There is only a little petty cash left in the peace-keeping reserve fund. If all Member States paid their assessments in full and on time, the Secretary-General could replenish the reserves and pay the money the Organization owes to Member States for their troop and equipment contributions to peace-keeping missions. The arrears in contributions to peace-keeping operations and the resulting cash-flow problem have created a situation in which the Organization owes more than $1 billion to Member States for reimbursement for troops and equipment.

This situation puts an unfair burden on troop-contributing countries, particularly those that have a record of prompt, full and unconditional payment. In effect, as the Secretary-General pointed out, the Member States that wait for payment from the United Nations are financing the late payment of other Member States. As a consequence of this development, the readiness of Member States to provide troops is decreasing. We wish to emphasize that without troops or money there can be no peace-keeping operations.

This shows that the issue raised by the Secretary-General is not only a financial problem but has serious political dimensions. The capability of the Organization to fulfil its mandates is at stake. We all have high expectations for the United Nations, but the Organization can work efficiently only if its Members are willing to provide the necessary support. On the eve of its fiftieth anniversary, the United Nations is faced with the major challenge of an unprecedented increase in its tasks while at the same time it is experiencing the most difficult financial situation since its founding.

For the time being, Article 19 of the Charter is the only sanction for compelling Member States to pay. We believe that the time has come to apply it more rigorously. Furthermore, we have to consider other instruments that might induce Member States to fulfil their obligations under the Charter to pay in time, in full and without conditions. This must include discussions on incentives for timely payment as well as sanctions on arrears, *inter alia* the possibility of charging interest on arrears. In the context of incentives, we note the Secretary-General's proposal to issue peace-keeping redeemable certificates. This, however, will not be a solution in itself.

We fully agree with the Secretary-General that the slow process for approving peace-keeping budgets and appropriations must be changed. Months pass between the date on which the Security Council approves a peace-keeping operation and the date when assessments are sent out. Proposals of the Secretary-General to speed up the

process and enhance its credibility are now being discussed in the Fifth Committee. These proposals touch at the very core of peace-keeping budgeting and financing. The European Union, Austria and Hungary pledge to work constructively with a view to reaching solutions both acceptable to Member States and workable for the Secretary-General. We trust that all Member States will join in these efforts to reach solutions.

I should like to turn to the method of assessment. This is closely linked to the issues of arrears and the improvement of the budgetary process. A scale of assessment which is simple, transparent and fair and is perceived to be so by all Member States could contribute to an improvement of payment patterns and thus alleviate the severe cash-flow problems of the Organization.

We recall the statement of the European Union in the general debate:

> "Members' contributions must be brought more in line with their actual capacity to pay. The aim of a comprehensive financial reform must be to establish a scale that is transparent and reliable, reflects Members' financial situations, is automatically adapted to changed national circumstances, and gives consideration to the needs of countries with low per capita incomes. But it is crucial that all Members be willing to meet their membership obligations. We cannot have a situation in which the United Nations has difficulty carrying out its responsibilities because individual Members feel exempted from their duties." *(Official Records of the General Assembly, Forty-ninth Session, Plenary Meetings, 6th meeting, p. 17)*

During this session, the General Assembly will be deciding on recommendations of the Fifth Committee on the scale of assessments for the coming three years. For the future, however, we will have to find a more up-to-date and fair basis for regular and peace-keeping assessments alike. We are looking forward to the outcome of the work of the ad hoc working group on capacity to pay, which was established by General Assembly resolution 49/19.

For peace-keeping assessments, the special responsibility of the permanent members of the Security Council must be taken into account. The financial obligations arising from this special responsibility must be applied on an equitable basis.

All the issues addressed by the Secretary-General have to be taken up without delay by the General Assembly. We stand ready to consider these issues at the highest political level, as befits the political importance of the question under discussion. For the European Union, Austria and Hungary it is imperative that this process involve the membership as a whole. Because of the political and financial nature of these issues both ambassadors and experts of the Fifth Committee should be enabled to play a full and active part in this process. Its result should be based on the broadest possible agreement in accordance with the constant practice of the General Assembly in budgetary matters. Therefore, the European Union, Austria and Hungary welcome the consensus which has emerged that the General Assembly shall pursue these issues in a high level open-ended working group under your chairmanship, Mr. President. In our view, the working group should consider measures, including those contained in the Secretary-General's report on the work of the Organization and his statement before the General Assembly of 12 October 1994, to achieve the full and timely payment of assessed contributions and to improve the existing budgetary process and method of assessment with a view to ensuring a viable financial basis for the Organization. The working group should report on the result of its work to the plenary through the Fifth Committee before the end of the forty-ninth session.

Only by working together will we be able to provide the Organization on the occasion of its fiftieth anniversary with a sound and viable basis for its activities into the next century.

Mr. Thanarajasingam (Malaysia): Mr. President, may I begin by thanking you for convening this plenary meeting to discuss and debate the statement made by the Secretary-General on 12 October 1994 regarding the financial situation of the United Nations. My delegation attaches great importance to this topic and had addressed this issue on a number of occasions including, especially, in the Fifth Committee during this session of the General Assembly.

We agree with the observation by the Secretary-General that there are several causes contributing to the precarious situation confronting the United Nations. My delegation also supports the statement made by the Chairman of the Group of 77, who has just spoken.

The subject of the financial situation of the United Nations is not a recent phenomenon. It has been the subject of discussions for many years. The principal cause is clearly the late payments by Member States of

assessed contributions, for both the regular budget and peace-keeping budget.

The report of the Secretary-General on the work of the Organization specifically singled out that:

> "... the continued failure of some Member States to fulfil their legal obligation to pay assessed contributions in full and on time places the Organization in a difficult financial situation." *(A/49/1, para. 101)*

This concern is borne out by the status pertaining to the total outstanding contributions owed to the United Nations budget, which on 31 October 1994 stood at $2.386 billion. Out of this total, $770 million was for the regular budget and the balance $1.616 billion was for the peace-keeping budget.

While we understand that non-payment by individual countries may be due to their genuine inability to pay, we do not fully comprehend the unwillingness of the major economically advanced countries to pay their arrears. In this regard, my delegation stated on previous occasions and would like to reiterate that Member States should fulfil their obligatory contributions to the United Nations in full, on time and without conditions.

We appreciate the recognition given by the Secretary-General that the cash-flow situation has led to persistent delays in payments to troop-contributing countries which could affect participation by Member States in future peace-keeping operations. This is particularly relevant to developing countries, which as a demonstration of their commitment to the ideals of the Organization, dispatched their troops for United Nations peace-keeping activities.

On the proposal that the United Nations be given authority to charge interest on future arrears, my delegation could agree with the proposal in principle. However, there should be a distinction between those Member States that are in arrears due to their inability to pay as opposed to those simply unwilling to pay.

Given the difficulties in making this distinction, my delegation believes that it may be more worth while to pursue the consideration of a system of rewards and incentives to Member States that make their obligatory contributions on time.

The proposal to concentrate the various United Nations accounts into a few, thus taking maximum advantage of better interest rates offered, deserves our support. The present practice of distributing into more than 100 accounts makes for tardy and tedious processes entailing unnecessary administrative costs. Similarly, the proposal to simplify and shorten the billing procedures would enable the early payment of assessments. Accordingly, we would support it.

As for the proposal for the United Nations to accept contributions in the form of non-financial resources, such as secondment of personnel and equipment to be offset against contributions by Member States, the proposal clearly merits further consideration.

The Secretary-General has discussed at some length the inequity, and the dissatisfaction among Member States, of the current system for assessing the regular and peace-keeping contributions. It should be pointed out, however, that assessment rates for the regular budget are worked out and recommended by the Committee on Contributions comprising intergovernmental experts working on the basis of the capacity of Member States to pay. It is never easy to come up with an assessment rate that would satisfy all 184 Member States. The recommended rate has taken into consideration the need to maintain a balance between all Member States. This, again, is an area that may benefit from further study.

On the peace-keeping budget, the assessments based on General Assembly resolution 3101 (XXVIII) had also taken into account the special responsibility of the permanent members of the Security Council. The resolution was in place well over 20 years and had been agreed upon by Member States. As some have observed, the problem lies in the system of collection and not the system of taxation.

On the various proposals put forward by the Secretary-General on the current methodology of assessment rates, my delegation would like to offer the following comments:

First, the criteria in determining the capacity of Member States to pay should take into consideration the many socio-economic factors that determine the well-being of a Member State. Any criteria which would overly rely on just some basic indicators, such as per capita national income, would not be reflective of the real situation. Automatic realignment that comes with simplification of the methodology would pose difficulties for my delegation. Indeed, we see the automatic realignment as a disruptive factor.

Secondly, the current methodology used in assessing the peace-keeping budget should be maintained. The special status of the veto-wielding permanent members of the Security Council *vis-à-vis* contributions should be maintained.

Thirdly, my delegation disagrees with the proposal to shorten the seven-and-a-half-year base period. The seven-and-a-half-year base period should be maintained as it provides stability to the scale of assessment over the years, and Member States would thus not be affected by drastic changes in the rate of assessment.

As my delegation pointed out also during the debate in the Fifth Committee, the consideration of the financial situation should not be merely on the revenue side, to the exclusion of the expenditure side as well. In this regard, we welcome the establishment of an open-ended Working Group that will look at all these issues in a comprehensive manner.

Often the point that the financial costs of the United Nations is far less than that of many multinationals is missed. Can the international community do without the United Nations, the only truly universal intergovernmental body devoted to issues of international peace and security as well as of development? Given the obvious answer, it is incumbent on Member States to honour their obligations. In reviewing the financial situation, we should not overlook the need to take into account new and innovative mechanisms as well. As this Organization commemorates its fiftieth anniversary next year, we should agree on specific means to strengthen this Organization to enable it to discharge its tasks and responsibilities as spelled out in the Charter for the benefit of all mankind.

Mr. Birenbaum (United States of America): I am here today to speak frankly about the subject of financing United Nations peace operations. My Government strongly supports effective and well-planned peace operations because they enhance international security, stability and democracy. My country is the largest financial contributor to such operations, and carries out a variety of other missions in support of Security Council resolutions. My Government will continue to strive to meet its financial obligations and will work with other Members to devise a more reliable and fair system for financing United Nations peace-keeping. We believe that such a system — to be fair and reliable — should include a reduction in the share of assessments borne by the United States.

In his statement to the General Assembly on 12 October 1994, the Secretary-General noted with concern the precarious financial situation faced by the United Nations, and especially United Nations peace-keeping. Delays in payment complicate the management of peace operations, create problems for recruitment and make the rapid deployment of forces in emergency situations virtually impossible.

The Secretary-General also said that

> "it is important that the Member States view the arrangements for sharing the Organization's expenses as fair." (*Official Records of the General Assembly, Forty-ninth Session, Plenary Meetings, 28th meeting, p. 21*)

The reason is that, at least in democratic societies, the perception of fairness can have a major impact on the public and legislative support that will exist for making contributions to the United Nations in full and on time.

My Government is committed to paying what it owes. This past fall the United States Congress appropriated more than $1.2 billion for United Nations peace-keeping.

In addition to payments to assessed accounts, the United States often has made available its unique capabilities and assets in support of resolutions adopted and approved by the Security Council. For example:

Between December 1992 and April 1993 the United States financed and led a massive humanitarian relief operation that saved thousands of lives in Somalia.

The United States has participated actively in the enforcement of the no-fly zone and in the delivery by air of emergency relief in Bosnia.

The United States has helped to implement Security Council resolutions pertaining to Iraq by contributing almost 50 per cent of the funds for the United Nations Special Commission, by helping to enforce no-fly zones, by helping to provide humanitarian aid to Iraqi minorities in the north and south, and by mobilizing in response to recent threatening moves by the Iraqi armed forces.

This past summer United States military forces were deployed to Rwanda and neighbouring Zaire to provide emergency relief to Rwandans made homeless by the violence in their country.

The United States continues to deploy a military force of 37,000 in the Republic of Korea pursuant to Security Council resolutions 83 (1950) and 84 (1950).

United States forces are participating in efforts to enforce sanctions against Iraq and the former Yugoslavia.

The United States has taken the lead in financing, organizing, training and participating in the multinational force that has restored democracy to Haiti and eased the humanitarian crisis there.

The United States made a voluntary contribution of $30 million this year to the International Atomic Energy Agency.

The United States also has been by far the largest voluntary contributor to the war crimes Tribunals for Rwanda and the former Yugoslavia.

All of those actions were undertaken on a non-reimbursable basis in pursuit of objectives that the United States shares with the international community. Certainly, many nations undertake such activities. But the magnitude of United States actions is unmatched and, in cost, exceeds our total assessed share of United Nations peace-keeping. I stress this not because my Government believes that actions undertaken on a non-reimbursable basis should be credited against United Nations assessments; on the contrary, such a policy could easily be abused and would make financial management of United Nations peace-keeping impossible. But these actions are relevant, nevertheless, to a discussion of the financing of United Nations peace operations. For they demonstrate beyond doubt that the United States is continuing to bear a heavy share of the burden of upholding international law and preserving security and peace around the world.

It is often suggested that permanent members of the Security Council have a special responsibility. My Government agrees. The United States of America is meeting that responsibility.

Today, the United States is assessed more than 30 per cent of United Nations peace-keeping costs, greater than twice the amount paid by any other country. This proportion exceeds the 28.9 per cent share the United States was assessed when the peace-keeping scale of assessments was adopted in 1974, despite substantial changes in the world economy since that time. My Government believes that its current rate is excessive and should be reduced to 25 per cent. Members of this Assembly should know that the United States Congress enacted binding legislation that will limit United States contributions to peace-keeping to no more than 25 per cent beginning on 1 October 1995.

The current basic systems for allocating regular budget and peace-keeping costs were adopted two decades ago. Because of the entry into the United Nations around that time of the two Germanies, it was possible to adopt formulas that effectively reduced the rate in each area for a majority of countries. We do not face a similar situation now. Under current circumstances, a reduction for some countries must be balanced by an increase for others.

Designing an equitable formula for financing peace-keeping is not easy. Designing such a formula that is both equitable and likely to gain the approval of this Assembly will be more difficult still. But my Government does not believe it is in the interests of this Organization, or its Members, to perpetuate an inequitable system simply because change is difficult. The truth is that change is essential if we are to develop a truly rational, fair and dependable basis for financing United Nations peace-keeping.

My Government agrees with the Secretary-General's statement on 12 October that this is an urgent political question. Accordingly, we are committed to working constructively through the mechanism of the open-ended high-level working group to develop options for revising the current peace-keeping assessment scale.

In so doing, we believe that the General Assembly should be guided by the following principles:

First, the rate of payment should be rationalized. Today there are more than two dozen countries that have an average per capita national income that is above the world average, and that nevertheless receive an 80 per cent discount on their peace-keeping assessments. Some of these nations have per capita incomes that are among the highest in the world. This is not equitable and should be changed.

Secondly, future changes in the peace-keeping scale should recognize that increasingly United Nations peace operations are conducted in the service of all nations, and that dramatic deviations from the regular United Nations scale of assessments are not logically justified. Peace-keeping has become, and will continue to be, a fundamental part of the business of the United Nations.

However, my Government does believe that concessional rates for the poorest Member States should be included in any new formula.

Thirdly, the United Nations should avoid over-reliance on any one source of funding for peace-keeping operations; such dependence is unhealthy for any organization.

Finally, the Assembly should consider the possibility of eliminating all discounts or of establishing a minimum rate of contribution to peace-keeping for permanent members of the Security Council.

We all recognize that the costs of United Nations peace-keeping accelerated rapidly in the years immediately following the end of the cold war. For my country, this has meant an increase in assessments from roughly $45 million a decade ago to more than $1 billion in the current calendar year. Recently, the trend towards more and larger United Nations peace operations has slowed. In addition, measures to reduce or contain the cost of peace operations are being explored. Nevertheless, it is fair to expect that the scale and cost of such operations will not quickly return to historical levels. It is vital, therefore, that we find a stable and equitable system of financing.

We all know that United Nations peace-keeping cannot provide the answer to all international conflicts and crises. As the United Nations Charter recognizes, regional organizations, coalitions and Member States may all have a legitimate role in responding to threats. In extreme circumstances, there may be little either the United Nations or Member States can do, especially in cases of bitter civil strife. But United Nations peace-keeping remains an indispensable tool of international policy. It has a demonstrated capacity under appropriate circumstances to separate adversaries, maintain cease-fires, deliver humanitarian relief, enable refugees and displaced persons to return home, demobilize combatants and create conditions under which political reconciliation may occur and democratic elections may be held. It is in the interests of every Government to ensure that a dependable and equitable system for financing peace-keeping operations is developed. My Government looks forward to working with other States for that purpose.

Mr. Wang Xuexian (China) (*interpretation from Chinese*): His Excellency Ambassador Lamamra of Algeria has already made an excellent statement on behalf of the Group of 77 and China. I wish now to make a few additional comments.

A viable financial basis is the first prerequisite for the fulfilment by the United Nations of its Charter obligations and functions. However, the financial difficulties that have beset the Organization in recent years and the inability to make ends meet have seriously affected its capacity to meet its obligations effectively. This state of affairs is incompatible with the ever-growing role of the Organization and the expectations placed in it by the general membership. How to resolve its current financial difficulties and equip it with a sound and stable financial basis is one of the important issues the general membership and the Secretariat have over the years been committed to resolving.

Having carefully listened to the Secretary-General's 12 October statement on the current financial situation of the Organization, and having studied the relevant reports, the Chinese delegation would like to make a few observations on this question.

We are of the view that the current financial difficulties of the United Nations are in large measure a cash-flow problem. As the Secretary-General repeatedly points out in his report on the work of the Organization, cash in-flow falls far short of the cash requirements of the Organization to meet its obligations. The fact is that all budgets adopted by the General Assembly can basically ensure the smooth implementation of each mandated activity, and even allow a surplus for some programmes at the end of their implementation. It can be easily discerned that at the heart of the financial difficulties of the Organization lie severe cash shortfalls and the resulting cash-flow problem. It is therefore of primary importance to improve cash flow in order to resolve the current financial difficulties of the Organization.

There may be various causes for the financial difficulties. But in the view of the Chinese delegation the root cause is pointed out by the Secretary-General in his report on the work of the Organization submitted to the General Assembly at its current session, when he states that

> "the continued failure of some Member States to fulfil their legal obligation to pay assessed contributions in full and on time places the Organization in a difficult financial situation". (*A/49/1, para. 101*)

According to the figures cited by the Secretary-General in his statement, as of the end of August this year the Organization's debts amounted to $1.7 billion while Member States owed the Organization $3.2 billion — almost twice that amount. Obviously, it is the delayed payment by some Member States of their assessed contributions to both the regular budget and the peace-keeping operations that has given rise to the cash-flow difficulties and hence to the financial difficulties of the Organization. The facts have proved that arrears are the crux of the financial crunch. We would stress that the major contributors that have delayed payment of their assessed contributions for political reasons should bear the lion's share of the responsibility for the difficult financial situation of the Organization.

The causes for delays in payment by Member States vary and should be analysed individually. The exceedingly rapid increase in the overall expenditures of the Organization has placed huge financial burdens on some Member States. Total peace-keeping spending has soared from $600 million in mid-1990 to over $3 billion in 1994 — four times the regular budget — as a result of the drastic increase in the number and scope of peace-keeping operations and in the number of personnel involved as well as in the procurement of sophisticated weapons and equipment. Such an excessive increase creates an unbearable burden for most developing countries. Moreover, some developing countries are obliged to put off the payment of their assessed contributions owing to *force majeure* or genuine economic difficulties; their plight deserves our understanding.

Poor administrative and budgetary management in some cases is one of the factors that account for these financial difficulties. As necessary rules and regulations have failed to keep pace with the excessive increase in peace-keeping operations in recent years, a great many problems have cropped up in the course of actual operations. For instance, $3.9 million was lost in Somalia; a large amount of peace-keeping equipment was stolen in some operations because of insecure storage and poor management; and there is not yet a complete set of guidelines governing procurement practice, which is of great concern to Member States. There were cases of over-paying millions of dollars in procurement. Some 850 vehicles were ordered in one contract but only 100 were actually used. Such wasteful practices have also aggravated the financial difficulties of the Organization.

We believe that the Organization's financial difficulties can be solved in the following three ways.

First, all Member States, particularly those which are able to pay but have delayed payment owing to the lack of political will, should be urged faithfully to fulfil their Charter obligations by paying their assessments in full and on time.

Secondly, the United Nations should act within its means in respect of peace-keeping operations. The Security Council, in authorizing each peace-keeping operation, should repeatedly and prudently consider its necessity, feasibility and practical result, as the Organization cannot undertake any and every peace-keeping task. At the same time, the Security Council should take into full consideration the burden-bearing capacity of Member States, particular that of the developing countries, and should resist the temptation of equating performance with size in numbers or in breadth of scope in operations.

Thirdly, the Secretariat should establish or improve the relevant rules and regulations, strengthen financial discipline, put an end to waste and practise stringent economy so as to use effectively every cent paid in by Member States. Units and individuals shall be held accountable for any financial losses resulting from humanly avoidable factors such as dereliction of duty, and such cases should be relentlessly pursued to a definitive conclusion.

We have noted that some people attribute the Organization's financial difficulties mainly to the current scale of assessments. The Chinese delegation wishes emphatically to point out that the current scale of assessments is the result of repeated consideration during successive General Assembly sessions and meticulous examination and computation by the Committee on Contributions in accordance with the relevant General Assembly resolutions. Practice has shown that the scale is relatively equitable and rational and has basically reflected the principle of capacity to pay. Admittedly, there are certain technical aspects that have yet to be improved and perfected, but it is entirely unacceptable to question the equitableness of the scale and even to go so far as to totally negate it.

We also wish to point out emphatically that still less acceptable is the attempt by a Member State which has the capacity to pay to put pressure — out of its own domestic political considerations — on the Organization to reduce its financial obligations, only to shift the burden onto others, even onto those developing countries with inadequate or even no capacity to pay.

Today the United Nations is playing an increasingly important role in global affairs which no other international organization or grouping can replace. The Chinese delegation maintains that the United Nations should be ensured a solid and stable financial basis in order to better fulfil its Charter-obligated functions and the aspirations of Member States. We believe that such a basis can indeed be established as long as Member States fulfil in real earnest their financial obligations under the United Nations Charter.

Mr. Haakonsen (Denmark): I have the honour to speak on behalf of the Nordic countries: Finland, Iceland, Norway, Sweden and my own country, Denmark.

The precarious financial situation of the United Nations now seriously jeopardizes the functioning of the Organization. It is therefore a fundamental political problem for Member States.

For this reason, the Nordic countries welcome the statement made on 12 October last by the Secretary-General and also his informal paper entitled "Ensuring a viable financial basis for the Organization". We have expectations that, by having these matters discussed comprehensively here in the General Assembly today, members will not fail to recognize the strong political signal implied — and to act accordingly.

The Secretary-General painted an all-too-familiar dark picture: it shows severe cash-flow problems and depleted reserves — and reveals, as in the past, that only a small number of countries live up to their financial obligations towards the United Nations.

The Nordic countries have always fulfilled their Charter obligations and made their payments in full, on time and without conditions. All Member States must do the same, as this is the essential requirement if the United Nations is to respond to demands for international action. The Member States are continually requesting the United Nations system to play an ever-increasing role in all fields of international cooperation. Evidently such requests must go hand-in-hand with statutory obligations to pay the assessed contributions. However, the widening gap between ambitious political decisions and the resources provided to the Organization undermines the authority and credibility of the United Nations and its Member States.

The effects of non-payment and late payment of assessed contributions also represent a significant burden to troop-contributing countries, as reimbursements are delayed. Every effort must be made to remedy this situation. The unsatisfactory state of affairs threatens to erode the clear and firm political foundation that is a prerequisite for safeguarding a continued, broad-based, reliable provision of personnel to future peace-keeping operations.

To respond effectively and quickly to situations that call for international action, it is important that the United Nations should continue to reform its budget process, procedural requirements and managerial infrastructure. This applies to peace-keeping activities in particular. The Secretariat and Member States must also look closely at all ongoing programmes and set priorities.

The Nordic countries fully support, and wish to further encourage, the Secretariat's efforts to implement administrative reforms, including transparency and accountability, by improving the programme planning and the managerial structure and support. We have also seen steps to accommodate the distinct need for strengthening control and audit within the United Nations, in order to make sure that Member States feel they are getting the best "value for their money".

Let me now turn to some of the proposed remedies for the cash-flow problem put forward by the Secretary-General.

We thank the Secretary-General for his initiative in compiling and presenting to the General Assembly a number of suggestions, including both incentives and sanctions. We welcome consideration of these proposals as well as additional innovative and creative ideas to improve the financial situation of the United Nations.

The Nordic countries strongly support the recommendation to give the United Nations authority to charge interest on new arrears. It is the view of our delegations that early payments by some Member States should not subsidize the Member States with poor payment records. We see a need for a report from the Secretary-General on the implementation of this idea.

We would like also to see a more strict interpretation of Article 19 of the Charter of the United Nations and related regulations governing the definition of both arrears and outstanding contributions.

We hope to see more effective cash management by the Secretariat in order to maximize the availability of cash. The promise of greater effectiveness in billing

practices is also welcomed and should be encouraged. Regarding contributions of non-financial resources, we can accept further elaboration on the idea, but we would like to call for a very careful approach in this matter. Any such system should build on simple, transparent and comparable criteria and should be specifically requested by the Secretary-General within a framework clearly defined by the General Assembly.

A longstanding major issue is finding a system for the start-up financing of new or expanded peace-keeping operations. The Nordic countries are committed to finding ways to enhance the Secretary-General's commitment authority and to ensure front-end assessment possibilities. Also in relation to peace-keeping operations, the Secretary-General's proposal to issue peace-keeping redeemable certificates deserves further examination.

Like the Secretary-General, the Nordic countries find it necessary to ensure the United Nations financial flexibility through cash reserves commensurate with the level of expenditures of the Organization. As a first step, existing reserve funds should be capitalized and brought to function, as envisaged at their creation. The Nordic countries would like to point out that the problems relating to the replenishment of reserves would not exist if all Member States paid their assessed contributions.

The future financial situation of the Organization also depends on changes in the apportionment of United Nations expenses so as more accurately to reflect Member States' capacity to pay.

We would like to express our full support for the three basic concepts mentioned in the Secretary-General's paper: capacity to pay, the special responsibility of the permanent members of the Security Council, and objective criteria for realignment of Member States' contributions. The United Nations assessment scheme also must be simple, transparent, stable and reliable.

The Nordic Countries acknowledge the fact that the assessed contributions of some Member States are considered too high, particularly by those countries that have seen radical changes in their economies over recent years. A fairer burden-sharing should accommodate these concerns, and it might also change the way the United Nations is perceived and remove political obstacles to payments. The methodology must enjoy the confidence, or at least the acceptance, of all Member States. Therefore, the time has come to consider scales of assessment in a political context, and we hope soon to see a widely based review of both scales of assessment that would cover all the questions raised in the Secretary-General's paper.

The Nordic countries welcome this very important opportunity to address the financial situation of the United Nations. We hope that today's debate is but a prelude to the urgently needed substantive and serious work that we wish to see undertaken at a high political level in an open-ended working group under your leadership, Mr. President.

We must seize this opportunity to pave the way for a United Nations in which all Member States are willing and able to fulfil their financial obligations. The Nordic countries, for their part, will continue to contribute actively to reaching this goal.

Mr. Sardenberg (Brazil): As we address the important question of the financial situation of the Organization, the delegation of Brazil wishes, at the outset, to associate itself with the statement made by the Permanent Representative of Algeria on behalf of the Group of the 77 and China.

During its five decades of existence, the United Nations has time and again been faced with difficult financial situations, despite the pledges of its Member States to support its goals and activities. Because the contributions assessed on its Member States are the main source of funding for the Organization, the failure by the former to honour in full, on time and unconditionally their obligations under Article 17 leads the United Nations to cash-flow shortages that deplete its reserves.

Various suggestions and innovative arrangements have been often proposed, but they fail to address the root cause of the cash-flow problems of the Organization. More recently, restricted groups have been formed to discuss alternatives to the current financial situation. While their efforts are earnest, the outcome of these exercises lacks authoritativeness, since the proper way to address the question of the financial situation of the Organization is through an open and democratic dialogue among all Member States. In a crucial matter such as this one, the search for solutions that are not able to command the support of all the interests of the membership at large are likely to prove counterproductive as the Organization approaches the commemoration of its fiftieth anniversary.

As pointed out by the Secretary-General in his report on the work of the Organization, United Nations activities in the field of the maintenance of international peace and security, especially through peace-keeping operations, have experienced a dramatic surge in the last few years. Their total cost has increased more than fourfold, while other Charter-mandated activities, borne by the regular budget of the Organization, have experienced only marginal increments. Furthermore, technical cooperation activities have even been subject to a small reduction in view of the dwindling volume of voluntary contributions.

Peace-keeping operations are perhaps the most valuable tool at the disposal of the Organization to deal with situations that threaten international peace and security. They are ad hoc arrangements, not foreseen by the framers of the Charter, which are established by the Security Council and placed under the administrative authority of the Secretary-General. As these unique operations stemming from the so-called "Chapter VI and Half" grow in size and complexity, the Headquarters structures devoted to their administration have lagged behind. Therefore, it comes as no great surprise that the managerial aspects of peace-keeping operations are frequently criticized. For instance, a recent report of the Board of Auditors regarding the area of procurement has noted that the Organization does not possess a management culture designed to ensure impartiality, transparency and openness, with a view to emphasizing competition among providers. As a result, the Board concluded that the Organization is not getting the best value for its money.

Mr. Pak (Democratic People's Republic of Korea), took the Chair.

In this connection, we await the decisions to be taken by the Fifth Committee on the agenda item "Administrative and budgetary aspects of the financing of the United Nations peace-keeping operations". It is likely that a number of important reforms of the administrative procedures of these operations will be agreed upon.

The organization of the work of the General Assembly is based on the allocation of items between thematic Committees, according to their substance. At the outset of the General Assembly's forty-ninth session, the General Committee, on the basis of the directives laid down in resolution 45/45, decided by consensus that the item dealing with the financial situation of the Organization should be allocated to the Fifth Committee, with a view to deriving the greatest possible benefit from the expertise of that Committee. Therefore, we consider that it would have been more appropriate for the present discussion to take place in that Committee.

Nevertheless, my delegation welcomes the fact that an open-ended working group is to be established under the Fifth Committee and that it will be guided by that Committee's time-tested method of work. Indeed, my delegation is traditionally a firm supporter of the consensus-building process of the Fifth Committee. Any weakening of that principle and of that procedure would be likely to endanger the progress achieved, since the adoption of resolution 41/213, with regard to approval of the Organization's programme budget and other matters before the Fifth Committee.

As to the matters to be taken up by this open-ended working group, my delegation believes that priority should be given to the question of the payment of arrears. In our view, the Organization is confronted not with a structural financial crisis but, rather, with a cash-flow imbalance. This should be addressed before any other matter.

Different topics have been suggested for inclusion in the mandate of the working group. As to the budget cycle of peace-keeping operations, for instance, my delegation notes that this subject is already being discussed by the Fifth Committee and that no duplication is called for. Also, it is hardly acceptable that there might be a link between the scales of assessment and the financial situation of the Organization.

Both the scale of assessment under the regular budget and the special scale for the apportionment of peace-keeping expenditures have resulted from a long process of institutional improvement. In particular, the special scale, which was established by resolution 3101 (XVIII), enshrines a number of fundamental political and economic considerations. Continuous adherence to this scale for more than 30 years has given stability to the financial foundations of the Organization.

First and foremost, the principle of the special responsibility of the permanent members of the Security Council, as recognized by resolution 1874 (S-IV), acknowledges that peace-keeping expenses, which nowadays constitute the bulk of the Organization's costs, are a collective but differentiated responsibility of Member States. The special scale is a reminder that when the Security Council exercises the exceptional powers conferred upon it by the Charter it should act in a financially responsible way.

It has been argued that we should seek what is termed a more equitable way of apportioning peace-keeping expenditures. If we were to accept that reasoning, a logical concomitant would be that the Security Council's decision-making process for the establishment of peace-keeping operations should also be rendered more equitable. The fundamental correlation between equitable taxation and equitable representation is the key to any discussion of the peace-keeping scale.

The other principles of the special scale have also been consistently upheld by Member States in all General Assembly resolutions devoted to the financing of peace-keeping operations. Developed countries are in a position to make larger contributions than developing countries to the financing of expenditures. The maintenance of international peace and security is a solidarity task that should be performed by mustering resources from States according to their capacity to pay, and providing funds according to what is required for the maintenance of international peace and security.

This Organization, which was created almost 50 years ago, is devoted to the realization of the high aspirations of the international community. It is committed to the maintenance of international peace and security, the promotion of economic and social development and the promotion of human rights, but also to the democratization of international relations. It is of fundamental importance that the United Nations be able to count upon the means of achieving these goals in a stable and predictable manner. We must all work together towards these goals in an equitable and democratic manner, with a view to achieving effective and lasting solutions.

Sir David Hannay (United Kingdom): May I first thank the President of the General Assembly for his initiative in convening a debate on this issue of crucial importance for the Organization. We hope that the General Assembly will continue to benefit from his energy and wisdom in carrying this debate through to operational conclusions during the current session.

My delegation is naturally fully associated with the statement made earlier by the representative of Germany on behalf of the European Union. However, I am speaking in this debate today because, as a permanent member of the Security Council, the United Kingdom plays a particularly important role in the financing of the peace-keeping activities of the United Nations and because of our concern that the financial crisis of the United Nations is now threatening its ability to carry out its major functions. These include peace-keeping and other activities and programmes funded from the regular budget, on which the hopes of people in many parts of the world depend.

We therefore strongly agree with the Secretary-General, who, in his statement to the Assembly of 12 October, referred to this as a crisis of political dimensions. The United Nations must not go into its second half-century on an insecure financial base or with the half-hearted commitment of Members to the financing of activities that they themselves have authorized.

There is no need here to set out in detail the nature of the crisis, since this is well described in the report of the Secretary-General. The pressures apparent over the last few years have now reached a genuinely critical level. The accumulated debts of the Organization are about to overwhelm the capacity of the financial managers to maintain the integrity of the operations.

The problem comprises, broadly, three major elements, each linked to the others.

First, there is the problem of chronic non-payment of contributions and late receipts from Member States. This problem is getting worse. At the end of October 1994, 52 Member States had made no payment in 1994 to discharge their regular budget assessment. By comparison, at the same date in 1992 only 17 States had made no regular budget contribution.

Secondly, there are problems related to budgetary procedures, which could be rationalized and streamlined without any loss of essential control by the Member States.

Those two factors, in conjunction, and the resulting cash-flow problems of the Organization have led to two unhealthy phenomena. The first of these is excessive recourse to "internal borrowing" — taking a temporary cash surplus from one operation to finance another, with no certainty that it can be recouped at a later stage. The second is the non-payment by the United Nations of the sums due its creditors — in particular, peace-keeping contributors, to which, even now, the balance owed stands at more than $200 million and is increasing by $200 million a month. Worse still, we are faced with the prospect that it will not be possible for actions that have been requested of the United Nations to take place because the funds that are there in theory are not there in practice.

These problems not only go against financial prudence but seriously erode the willingness of Member States to contribute to United Nations peace-keeping. I

am not speaking only of countries like my own, which recently received its final reimbursement for a contribution to the Namibia operation that ceased more than four years ago, but also of poorer countries, such as many of the troop contributors to Somalia, which answered the call when others urged them to do so. It cannot be said too starkly: without willing troop contributors the United Nations cannot exercise its responsibilities in the field of peace and security.

The third element of the problem we are looking at is the scale of contributions itself, which, despite the useful work of the Committee on Contributions, needs a new effort to re-establish itself as an equitable basis for the apportionment of costs among the Member States and their prompt payment by them. The commitment of Member States to financing the Organization is inevitably linked to this issue of equitable distribution.

Some delegations have expressed the view that the problem could be solved simply by those major contributors that are in arrears becoming current on their payments. In the British Government's view, a binding commitment for the future to be current with all payments is, indeed, an essential part of any solution, but it is not in itself a sufficient solution. We, like other members of the European Union, regard our financial commitments to the United Nations as an international obligation. We do not accept the view that contributions internationally agreed and accepted by Governments should be regarded as a discretionary item of spending for any Government or legislature. Payment promptly and in full is a *sine qua non* for the adequate financing of the United Nations. We understand that legislative cycles may impose certain limitations on the timing of payments for some countries, but the United Nations must at least be able to count on receiving those payments at a predictable time. We will be happy to consider in this forum any new ideas for incentives for early payment or penalties for chronic delays.

However, the current crisis is not attributable solely to the arrears of one or a few Member States. It is a fact that the peace-keeping assessment of the largest Member State has risen from 28.89 per cent in 1973 to 31.735 per cent in 1994, largely as a result of a mechanism, decided on in 1973, which attributes to the permanent members the cost of rebates to new United Nations Members, the number of which could not at that point have been foreseen. Because of the explosion in the scope and cost of peace-keeping, the figure in volume terms reflecting those percentage terms has risen from $55 million in 1988 to $1 billion in 1994. It is this that gives rise to complaints. We note, however, in passing, that the aggregate contribution of the 12 existing members of the European Union for peace-keeping stands at 32.84 per cent and will, after 1 January 1995, with the accession of three new members, rise to 36.89 per cent if the new regular-budget scale, as recommended by the Committee on Contributions, is adopted.

Despite the valuable updating of the scale of peace-keeping assessments by the Committee on Contributions, it is widely acknowledged, in fact, that there are still certain categories of States that are paying relatively too little and others that are paying relatively too much. In the latter category are certainly some of the States of the former Soviet Union and the countries in transition in Eastern Europe, whose assessments have yet to be adjusted to the dramatic changes which their economies have undergone in the last few years. Also in that category are a large number of other Member States, including mainly those that joined the United Nations after the last major review of the system in 1973, many of which have very small economies. In the former category — those that do not pay enough — are a number of newly developed countries whose economies have strengthened significantly in the last decade or so.

One can perhaps illustrate the extent of the anomaly by pointing out that the per capita income of the 96 countries in Group C under the current peace-keeping assessments varies from $17,495 at the top end to $80 at the bottom end. Given that the average per capita income world wide is $2,555, there is little equity in applying the same 80 per cent peace-keeping discount to all these countries. Another calculation shows that, in relation to their share of the world economy, 10 countries pay less than a quarter of what would objectively be indicated, and 10 countries pay more than 10 times their share.

I mention these facts, not as an indictment of the system as a whole, which has certain strengths and rests on certain principles which should, indeed, be maintained, but to underline the fact that the efforts to deal with the anomalies which have developed over the years by isolated appeals to individual Member States have not proven and will not prove a viable way forward. The only potentially successful way of removing the problems is, we believe, through reviewing the methodology and reapplying it to all States on a basis which is demonstrably objective and fair.

We believe that a workable methodology can be derived fairly simply from the application of three principles which have stood the existing system of contributions in good stead: First, contributions should be based on a Member State's relative capacity to pay,

measured as objectively as possible. We welcome the establishment of an expert group to examine the issue of capacity to pay. While it is likely that in the short term we shall still have to rely essentially on national-income data provided by Member States and exchange rates provided by the market and the International Monetary Fund, we should be open to the introduction of alternative suggestions if these are forthcoming at a future date. Secondly, we have the principle of some relief for countries with low national incomes; and, thirdly, a premium in the peace-keeping contributions of permanent members of the Security Council.

Nationally we would also support the retention of a maximum limit for any Member State at the current level of 25 per cent on the regular budget. The question of the floor for the very small contributors, we believe, needs to be looked at afresh. My delegation will provide the working group of the General Assembly which we hope to see set up to delve into all these matters with some more detailed food for thought and illustrations of possible approaches.

What we are suggesting amounts not so much to a radical departure from accepted principles as to a fairer result through the more consistent application of those same principles. By removing some of the rigidities of the existing system we could also achieve a flexible, self-adjusting mechanism which would take the political heat out of the changes in the scale, because they would then occur naturally in small steps as nations' relative wealth grew or declined.

The scale is not the only issue for this group, by far, but we believe that it and its counterpart — which is the commitment of all Member States to honour the obligations based on any new arrangements — are two vital goals for our efforts at this session of the General Assembly.

Similarly, we believe the report of the Secretary-General and the paper which he presented to the General Assembly on 12 October, which contains some excellent ideas, should be the starting-point of our discussion, but not to the exclusion of other relevant proposals which delegations may wish to bring forward.

What is now required is to start work on the issues. It is essential that all Member States have an opportunity to participate. We therefore support the proposal for an open-ended high-level working group under the chairmanship of the President of the General Assembly, with the involvement both of ambassadors and of experts of the Fifth Committee. We recognize the competence of the latter body and the need for its expertise, especially on technical issues. On the other hand, many of the decisions that will have to be taken will be essentially political ones. This exercise should also proceed independently of the Fifth Committee's regular deliberations, in order to reach conclusions which could be submitted through the Fifth Committee by the end of this session of the General Assembly. Meanwhile, we do not call into question the validity of the decisions of the Committee on Contributions and the Fifth Committee regarding the scale for the next triennium.

Whether we are talking about the "Agenda for Development", peace-keeping or any other major initiative of the United Nations, nothing can be built on an unsound financial base. We hope that under the wise guidance of the President of the General Assembly, the political will can be found to solve this crisis on a long-term basis, for the benefit of every Member State and the world as a whole.

Mr. Mumbengegwi (Zimbabwe): My delegation would like to thank the President most sincerely for having invited the General Assembly to address the crucial question of the financial situation of the Organization. The Secretary-General of the United Nations has made several revealing presentations to the Assembly, including his report (A/49/1) on the work of the Organization, in which he has broadly covered the various aspects of the persistent financial crisis.

My delegation fully associates itself with the statement made by the representative of Algeria on behalf of the Group of 77 and China. It is a source of regret to my delegation that the Organization has had to experience throughout its history a series of financial crises of varying gravity. The Secretary-General's report clearly substantiates the fact that the Organization is currently facing a cash-flow crisis. This is the consequence of the non-payment by Member States of their assessed contributions in full and on time. Thus, my delegation does not share the view that there is somehow a link between the cash-flow problem and the current scales of assessment. Unless a way is found to ensure that Member States pay up in full what they owe to the Organization, the financial crisis will persist, notwithstanding any changes that may be made in the scales of assessment. Any efforts to review the administrative and budgetary mechanisms without effectively tackling the whole question of the political will and commitment of Member States with regard to the fulfilment of their financial obligations under the Charter would be a futile exercise.

There is always room — and, indeed, need — for us to continue to aspire to improve upon the existing

budgetary practices and scales of assessment. In this respect the General Assembly has at its current session allocated the respective agenda items to the appropriate Main Committee, which is the Fifth Committee. My delegation is happy that the Fifth Committee is at present studying proposals made by the Secretary-General on the effective planning, budgeting and administration of peace-keeping operations. The observations and recommendations made by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) following its detailed study of those proposals will prove most useful to the Fifth Committee.

In addition, my delegation also awaits the conclusion of the important study that is to be undertaken soon by the Ad Hoc Intergovernmental Group of Experts whose creation was mandated by the General Assembly on 29 November 1994. We believe that, given its broad mandate to study the implementation of the principle of capacity to pay in determining the scale of apportionment of the expenses of the Organization among Member States, the Ad Hoc Group should be able to come up with helpful findings which, when studied by the Committee on Contributions, the ACABQ and the Fifth Committee, should pave the way for the General Assembly to make a well-considered and rational decision on the methodology for determining the scale of apportionment.

In that process the General Assembly should be motivated more by the quest for the broadest-possible consensus than by the itch to arrive at a hasty decision. Let us not lose sight of the fact that the current financial crisis is not the result of the current methodology of determining the scales for both the regular and the peace-keeping budgets, which are based on Charter provisions and General Assembly resolutions that have served the Organization well over the years. The hub of the financial crisis is the fact that Member States of the United Nations lack the political will and commitment to pay their dues to the Organization in full and on time. This is the challenge that we cannot wish away but must face and confront, both individually and collectively.

Mr. Flores Olea (Mexico) *(interpretation from Spanish)*: The United Nations has been faced with difficult financial situations throughout its existence. Nevertheless, in recent years the proliferation of United Nations activities, particularly with regard to the maintenance of international peace and security, has made the Organization's financial problems even more severe.

In the United Nations Charter Member States affirmed that they would bear the expenses of the Organization as apportioned by the General Assembly. Accordingly, the General Assembly adopted general principles to ensure the Organization's financing on the basis of experience and of political and economic factors guaranteeing that all Members were assessed justly and equitably.

Member States must enable the Secretariat to achieve the purposes set forth in the Charter. That was a responsibility the United Nations shouldered for the international community 50 years ago. To that end, Members of the Organization must give it the resources it needs to achieve its purposes and enable it to meet the financial obligations connected with its tasks.

In his statement to the General Assembly on 12 October, the Secretary-General noted that the Organization's financial situation was precarious because a large amount of the financial assessments of many Member States had not been paid, and he concluded that the failure of Member States to pay their assessed contributions in full and on time was the principal cause of this situation.

According to the Secretary-General, the critical financial situation the Organization is facing is related to the peace-keeping operations, although there are also great difficulties with regard to the regular budget. This discouraging picture is only to be expected when we consider that the unforeseeable budget for peace-keeping operations now stands at three times the amount of their regular budget.

My delegation is of the view that late payment by Member States of their financial obligations can be attributed to various causes. Some Governments must go through complicated domestic administrative procedures in order to free funds for the United Nations. In other cases, above and beyond the will of Governments, particularly in developing countries, there are financial problems that prevent them from paying on time. Moreover, we must not forget that another cause may simply be the lack of will to meet such obligations on time and in full.

In addition, the unpredictable nature of the establishment of new peace-keeping operations and the renewal or expansion of the mandates of existing operations place an additional burden on Member States, since most Governments give themselves a one-year lead in preparing their yearly budgets. It is therefore difficult for a State to pay its assessments, especially for new peace-keeping operations, within 30 days of being informed of its share of contributions by the Secretariat.

Despite all this, I wish to emphasize that most Member States are striving to meet their commitments. As of 30 October 1994, Member States owed the regular budget $770,190,212. In that respect, I note that, as can be determined from the figures relating to payment of the Organization's financial obligations, 67 Members had paid in full. In other words, the share of the less-developed countries in the debt is only 1.71 per cent, whereas the share of developing countries is 11.14 per cent.

Although my delegation believes that the reason for the Organization's current financial situation is the failure of Member States to pay their assessments, it is none the less willing to participate, preferably within the framework of the Advisory Committee on Administrative and Budgetary Questions, in a comprehensive exercise to establish a financial basis founded on an understanding of the causes of the financial problems and not designed merely to meet the concerns of the domestic sectors of some countries. It is to be hoped that that exercise would ultimately lead to all States' being convinced that a financial foundation for the Organization had been reached on the basis of equitable criteria.

The financial review must be made within the context of a frank and open dialogue aimed ultimately at providing the Organization with the resources necessary for the optimal performance of its functions. This would require more than a mere reordering of the financial structure of the United Nations whereby the burden would be transferred from some countries to others.

It must be acknowledged that the financial problems of the Organization are not due solely to deficient cash flow or to the lack of credibility of the current system of apportionment. Though I do not wish to minimize these aspects, the financial crisis of the Organization is more of a structural nature, revealing an imbalance between the availability of resources and the budgeting of costs. We believe that it is necessary to address this crisis at three levels.

First, it has been noted that the Organization's capital base has long been limited, owing to arrears in some Member States' payment of their assessments. While it is true that a budget based on the Organization's receiving all outstanding assessments would not constitute a lasting or final solution to the financial crisis, it would undoubtedly eliminate the current hesitancy about making commitments on the basis of resources that are not yet available.

A first step towards establishing a healthy financial basis would be the payment of all outstanding assessments. This would give the Organization a breathing space and allow it to meet all its financial obligations on time, including those to countries which contribute troops to peace-keeping operations. It would also considerably increase its capital assets. At the same time, it is appropriate to stress the obligation of all Member States to bear the Organization's expenses as apportioned by the General Assembly, in accordance with Article 17 of the Charter. We therefore welcome the announcement made by one Member State with considerable and longstanding arrears that it will be paying a total of $1.2 billion before the end of the year.

Secondly, it is essential for the level of expenses to be adjusted to the real level of income. The Secretariat must work to prepare a budget on the basis of the real prospects for the collection of resources. Furthermore, once a budget has been adopted — whether the regular budget or the budget for each of the peace-keeping operations — the United Nations must adapt its action strictly to the budget amount. In other words, savings must be made if the available resources are to be put to the best use.

In this austerity exercise, the temptation to overburden the peace-keeping budget at the expense of other United Nations activities must of course be resisted, as was noted by the General Assembly in its resolution 49/37 on a comprehensive review of the whole question of peace-keeping operations in all their aspects, which stipulates that the allocation of new resources to such operations must not be made to the detriment of activities relating to cooperation for development.

Thirdly, there is no financial machinery for maintaining liquidity, that is, for ensuring that the cash income from Member States is equivalent to the cash outlay which the Organization must make at any given moment. In this context, it is necessary adequately to address the structural problems of budgetary planning and implementation. In other words, it would be worth while in particular to revise the conditions in which new peace-keeping operations are authorized and to rationalize their budgets with a view to ensuring that States are not assuming unforeseen burdens which will be difficult for them to bear. It does not seem sufficient to limit ourselves solely to revising proposals for increasing the cash flow or the scale of assessments.

A comprehensive review of the scale of assessments would be successful if it studied how income could be increased through procedures for apportionment which are based on the equitable concept of "capacity to pay" and which take into account the political and financial responsibilities of the permanent members of the Security

Council, particularly as they relate to peace-keeping operations. Otherwise, an approach aimed at simply redistributing expenditures to alleviate the burden of some Member States without affecting total income would only be meeting the concerns of those specific States.

In any case, my delegation would like to point out that any revision in the assessment procedures must incorporate the current principle governing the regular budget that States with more resources must pay a larger share of total expenditure in accordance with the principle of "capacity to pay". The system for assessing expenditures for peace-keeping operations must continue to be based on the principle of special responsibility for the permanent members of the Security Council, while taking into consideration the financial potential of States with greater resources.

The periodic review of the methodology to determine the scale of assessments for the regular budget — in which the Committee on Contributions exercises its advisory function — must be in keeping with equitable and realistic criteria that appropriately reflect the obligations of the countries with greater resources and higher per capita incomes. The conclusions of the working group of intergovernmental experts entrusted with reviewing the concept of "capacity to pay" — which was set up pursuant to resolution 48/223 — will be especially significant.

My delegation believes that the so-called "special scale" rule should be institutionalized; in this way, States would have no doubts on the application of the method for fixing assessments established in resolution 3101 (XXVIII).

Although it is recognized that there is a need to update the definition of the groups in the special scale in order to bring it in line with current realities, it is also considered that the General Assembly should wait until the exercise on reforming the Security Council has been completed. Indeed, as long as there may be new categories of Council members, it is not possible, on a realistic basis, to define precisely what groups should be in the special scale.

My delegation wishes to pay a tribute to the Secretary-General for his commitment expeditiously to see to it that the goals of the United Nations are respected, particularly those relating to the maintenance of international peace and security; this has led him to submit many reports and proposals to the various bodies of the General Assembly. Most of these reports and proposals are carefully studied in the Advisory Committee on Administrative and Budgetary Questions under agenda item 132 of the forty-ninth session. In the general debate, emphasis was placed on the need for Member States to speed up budgetary processes, without losing sight of respect for the budgetary prerogatives that the Charter has given to the General Assembly. In the view of my delegation, the remaining proposals are closely related to items 109 and 112, which have also been allocated to the Fifth Committee.

In conclusion, I should like to point out that the commitment of States to the United Nations should be reflected in their meeting all of their obligations in a timely, comprehensive and unconditional manner.

Mr. Keating (New Zealand): The Secretary-General was absolutely right when he took the dramatic step at the end of the general debate in October to call attention to the financial crisis facing the Organization. It is right that Member States should now have the opportunity of this special debate to react to the Secretary-General's important message.

Many of the problems the Secretary-General identified in his statement and accompanying paper are not new. Chronic financial difficulties have been on the Assembly's agenda in one form or another for the last 18 years.

But this year we have reached a point where these chronic problems, combined with new and potentially more damaging elements, have magnified the situation to a crisis.

Expanded peace-keeping responsibilities and the serious and growing gap between assessed liabilities and contributions threaten the viability of the Organization. In addition, the largest contributor has indicated that it will unilaterally reduce its share of funding from next October. To add to these problems, many of the Organization's outdated administrative and budgetary procedures can no longer cope with the unprecedented demands. We believe that these procedures are themselves putting intolerable strains on the United Nations and its ability to deliver.

We are therefore at a crossroads. The system is under severe strain and in danger of breaking down irreparably unless remedial action is taken quickly to adjust to the new realities. Action is essential. Waiting for a diminution in peace-keeping commitments or the reform of the Security Council is not a credible response. The minimal peace-keeping requirements of previous decades are not likely to return.

And we are conscious that the problems we are facing are far wider than simply those attributable to the

escalation in peace-keeping. As the Secretary-General pointed out, the future viability of the Organization, and its very credibility, are at stake. The Member States cannot ignore the Secretary-General's warning. Avoiding problems is no solution. Unfinished business never disappears; it only festers. And invariably it becomes more intractable and more urgent.

The General Assembly, therefore, must face up to this crisis. It must be equipped to adapt to the changing circumstances of the 1990s, so that by the fiftieth anniversary we have a sound basis for contemplating the priorities for the twenty-first century.

The people of New Zealand support the United Nations revitalized role in the post-cold war era. Like most small States they have high expectations of the United Nations and a strong interest in its success and survival. This support for the United Nations is manifested not only politically but also in financial terms. We pay our contributions in full and on time and are prepared to commit our energy and resources to assisting the United Nations in resolving this financial and administrative crisis.

In his statement of 12 October 1994, the Secretary-General identified the three broad areas of difficulty facing the United Nations: late payments, cash-flow problems, and inequities in the methods of assessment.

With respect to late or non-payment, the Organization has been facing a chronic handicap in this area for many years. But the situation is rapidly becoming worse. At present, there are major unpaid debts to countries which contribute personnel and equipment to peace-keeping, large unpaid budgetary surpluses owed to Member States, and substantial liabilities to vendors and suppliers. Total liabilities exceed available cash and there is no prospect of anything but further deterioration. Such a situation is not sustainable.

The causes of the problem are simple enough. Some Members cannot pay. Others will not pay. Such a situation must be addressed on two fronts. First, the introduction of measures that enhance the fairness and predictability of assessments; and, secondly, incentives and disincentives to encourage Member States to meet their obligations on time and in full.

The Secretary-General has made a number of proposals which are currently being considered and which would go a long way towards ensuring improved predictability in forecasting the amount and timing of requirements. But we believe that much more could be done in this area. We note that the regular budget provides for a vast range of mandated and programme activities in a manner which, nevertheless, allows Member States to debate and scrutinize proposals thoroughly and gives their national financial authorities sufficient time and information with which to anticipate and make timely provision for payment. Bearing this in mind, there is no reason, in our view, why the peace-keeping budgetary requirements could not be compiled along similar lines. The Secretary-General's proposal to institute annualized estimates for all peace-keeping missions is a welcome step in the right direction. We urge speedy approval of that proposal.

We also believe the time is right for the membership to adopt a system of incentives and disincentives to improve the rate of receipt of contributions.

The United Nations can no longer go on extending free credit to the non-payers and the late payers. In the real world, those who choose not to pay off their credit card, when it is due, incur interest charges on top of the principal. And let us remember that taxpayers who are late in paying their assessed tax contributions incur not only interest charges but penalties as well.

We support the Secretary-General's proposal, therefore, that interest should be charged on future arrears. Special bridging arrangements may need to be contemplated for countries whose arrears are due to circumstances beyond their control. Other similar measures may also be necessary. And in this context we believe that the time is also long overdue for the Assembly to take steps to define and enforce a strict interpretation of the provisions of Article 19.

As to the cash-flow problem, the Secretary-General has identified six broad ways of tackling it. Some of these, such as the improved management of bank account funds and the proposed new peace-keeping budget cycle, are well-developed schemes for which Member States have already voiced strong support. Others require further elaboration for consideration by Member States. In particular, we endorse the Secretary-General's concept for the advance payment of one-third of the preliminary estimates for the start-up and expansion costs of peace-keeping operations, with the balance payable on approval of the detailed budget.

Let me now turn to the question of methods of assessment. As we see it, considerable evidence has been emerging to suggest that there are serious inequities in the present methods of assessment. Significant numbers of Member States appear to be under- or over-assessed at rates that do not reflect their true capacities to pay. We

are seeing growing evidence, for instance, that many Member States, including most of our smaller and poorest Members, are subsidizing larger and richer Members.

Our existing processes have so far have been unable satisfactorily to deal with, or adequately even address, these anomalies and inequities. To some extent, the problems are the result of an accumulation of years of political fixes and an inelastic, complex system that is incapable of responding to the rapid economic changes affecting national economies these days.

This debate is showing that demands to review the equity of current assumptions are in fact quite widely felt, across regional groups and by countries both large and small.

The Committee on Contributions and the ad hoc working group established pursuant to resolution 49/19 will be looking at some of these issues in the coming year. While their work will no doubt make a constructive contribution to the debate, both bodies have a restricted membership and circumscribed terms of reference. What is needed in our view is a fundamental review of the existing arrangements by all Member States, with a view to establishing more transparent, objective and fair criteria that Member States as a whole can support. This would require that all Member States examine the current methodologies for regular budget and peace-keeping assessments and exchange views on perceived shortcomings in an open and frank manner.

We believe that the financial problems affecting the Organization require urgent action. They cannot be avoided. They must be addressed and solved collectively. The political and financial viability of the United Nations depends upon it.

For that reason, my delegation strongly supports the idea of establishing a high-level open-ended working group to take up all these issues, urgently, next year.

Because of the extensive political implications, we would prefer to see such a group established as a working group under the President's able and distinguished chairmanship, following the pattern of the equally important Open-Ended Working Group on Security Council reform.

We agree that there is a vital need for delegations' Fifth Committee representatives to be closely involved in many aspects of such work. Some kind of functional association with the Fifth Committee could be considered.

One thing is clear, however: the Fifth Committee cannot undertake this work either in the Committee itself or in some subordinate body of the Committee. As is well known, the Fifth Committee, its staff and its conference servicing resources are already overstretched by an extraordinary backlog of work. They simply do not have the people, staff resources or time. In establishing this open-ended working group our objective should not be to further burden the Committee and force it to delay its current work further. That would be fatal to the short-term immediate needs of the Organization. Instead, we should be looking at an arrangement that allows the high-level working group to function independently of the Fifth Committee's already full work programme, but in close association with the Fifth Committee and perhaps channelling its final report to the General Assembly through the Fifth Committee. One thing of which we are very sure is that the two bodies must not compete for resources to do their respective work.

Lastly, New Zealand believes that these issues have to be brought to some conclusion by the end of the forty-ninth session. The membership must confront the crisis before it spirals out of control. Confronting the crisis does not mean submitting to unilateral demands. The demands for change are now, in fact, widespread. All it means is that we take steps to avoid the fate of the lemmings, those small creatures which collectively leap to their death because they do not know how to change course.

If the celebration of the fiftieth anniversary is to have any relevance to the future, these problems must be squarely addressed now. The Assembly may be assured of my delegation's full support and cooperation in working towards a solution.

Mr. Pibulsonggram (Thailand): My delegation welcomes the opportunity to discuss the financial situation of the Organization, and in this connection wishes to express its appreciation to the Secretary-General for his statement to the General Assembly on 12 October 1994. My delegation has carefully examined his paper on ensuring a viable financial basis for the Organization, which was annexed to his statement.

Earlier this morning, the Chairman of the Group of 77, the Permanent Representative of Algeria, Ambassador Lamamra, made a statement on behalf of the Group of 77 and China. My delegation fully associates itself with that statement.

My delegation has already expressed on several previous occasions its concern over the precarious

financial situation of the United Nations. Please allow me to reiterate once again our firm belief that the Organization needs a solid and stable financial foundation in order to carry out effectively and efficiently the duties and mandates entrusted to it by Member States. In this context, the Secretary-General rightly pointed out in his statement that

> "there is no use talking about reshaping the responsibilities of the United Nations unless the resources are there to carry out those responsibilities." (*Official Records of the General Assembly, Forty-ninth Session, Plenary Meetings, 28th meeting, p. 20*)

Thailand has been increasingly concerned in recent years over the ever-widening gap, whether imagined or real, between what is expected of the Organization and what it can achieve. What is at stake is the reputation, the credibility and even the survival of the Organization itself. There is no doubt in my mind that the prolonged financial crisis has tarnished the reputation and strained the credibility of the United Nations.

We also have no doubt that the present precarious financial situation is caused, on the one hand, by late payments by Member States of assessed contributions, and, on the other hand, by the dramatic growth in the number and scope of United Nations peace-keeping and other operations, the cost of which has grown from $600 million in mid-1990 to $3 billion in 1994.

The Secretary-General noted in his statement that another cause lay in the process of approving peace-keeping budgets and appropriations. In this regard, the Secretary-General, in part at the urging of the Advisory Committee on Administrative and Budgetary Questions, has proposed several measures to develop a rational system for the budgeting, financing and administration of peace-keeping operations, as set out in documents A/48/945 and A/49/557. My delegation has already commented upon several of his proposals in our statement in the Fifth Committee under agenda item 132, and we will not repeat those comments here. We wish to reiterate only our view that while the Secretary-General's proposals will go some way towards better management of financial resources, and may alleviate the cash flow problem, they do not address the heart of the matter — the failure by a number of Member States to meet their obligations under Article 17 of the Charter. Indeed, if all Member States had met their Charter obligations, the Organization would not have faced financial crisis.

The call to Member States to pay their assessed contributions in full and on time has been made so often that it is fast becoming a vacuous repetition of principle. The right approach therefore is to discuss how Member States can be encouraged — and made — to pay their assessed contributions in full and on time as well as to settle their arrears.

In this regard, my delegation does not profess to have ready answers. We understand that some Member States are genuinely unable to meet their obligations, due to adverse economic circumstances, and that some Member States cannot meet their obligations on time due to technicalities of their national budgetary processes. But I beg to differ with any assertion that the difficult financial situation of the United Nations was caused in part by the current method of assessment. My delegation firmly believes that the feeling that the present scale of assessments is not equitable is no excuse for not meeting one's Charter obligations. All Member States have the opportunity to discuss the scale before it is put into effect. Therefore, once the whole membership has accepted it, we must abide by it.

While we are on the subject of the scale of assessments, my delegation wishes to reiterate once again its firmly held view that assessments for peace-keeping operations should continue to be based on the special ad hoc scale adopted by the General Assembly in its resolution 3101 (XXVIII). In fact, we have called for the special ad hoc scale to be institutionalized. This is because my delegation fully subscribes to the basic principles for the apportionment of peace-keeping expenses — in particular, the principle that the permanent members of the Security Council, having privileged positions, must bear a special responsibility and a greater share of the total costs.

The end of the cold war has not brought the peace dividend we had all hoped for. In the past few years many conflicts, particularly intra-State conflicts, have arisen, and the United Nations has been called upon to deal with them. This has placed an unforeseen and undue burden on the Organization. The recent dramatic increase in calls for the United Nations to undertake peace-keeping and other operations and the expanded scope of mission mandates require enormous financial and human resources. The choice is simple. As the Foreign Minister of Singapore pointed out in the general debate on 30 September,

> "having decided to launch a peace-keeping operation, Member States cannot allow it to fail, especially owing to a lack of resources." (*Official Records of the General Assembly, Forty-ninth Session, Plenary Meetings, 13th meeting, p. 15*)

However, if Member States are either unable or unwilling to support peace-keeping operations by providing them with the requisite resources, then should we consider limiting the Organization's peace-keeping activities to the level of financial resources Member States are able and willing to provide? Maybe it is time Member States seriously discussed and determined what the Organization's role should be. This is of course a political decision and, in this context, the Security Council has a special responsibility and, indeed, a critical role to play.

My delegation shares the Secretary-General's sentiment that there is an urgent need to overcome the critical financial situation of the United Nations, and that the problem has assumed a proportion which undermines the effectiveness of the Organization as a whole. We agree with his observation that this is no longer simply a financial question but an urgent political question. As the commemoration of the fiftieth anniversary of the United Nations is fast approaching, let all of us rededicate ourselves to the purposes and principles of the Charter and the aims of the founding fathers to create a better world. Paying up all our outstanding dues and arrears is a necessary first step in this quest. Thailand, for its part, will continue to do its utmost to meet its Charter obligation. We will continue to cooperate fully with other delegations in our search for the solutions to this most intractable problem.

Mrs. Flores (Uruguay) *(interpretation from Spanish)*: At the outset, my delegation would like to thank the President for having convened these meetings to consider agenda item 10, "Report of the Secretary-General on the work of the Organization". Uruguay considers that this discussion in the General Assembly will provide Member States with an interesting opportunity to exchange views on the financial situation of the Organization.

Our delegation shares the concerns expressed by those who consider it necessary first to identify the causes of the problem, and then to seek solutions and decide how to deal with the situation. The decisions that are adopted must be agreed by consensus, in view of the importance and sensitivity of this item.

Since assessments are proportionate to the capacity of States to pay, the impact of the contributions is the same on all national economies, whatever the size or the amount of the contribution. This is particularly valid in States with small populations and limited resources and with needs such as those that characterize the situation in developing countries. There should be an ongoing, broad consideration of financial questions, in which there should be the greatest possible participation.

As a member of the Group of 77, our delegation also supports in every particular the statement made by the Group's Chairman on behalf of all its members.

The mandate that the General Assembly has given the Committee on Contributions in resolution 48/223 C, in which it is requested to undertake a thorough and comprehensive review of all aspects of the scale methodology with a view to making it more stable, simpler and more transparent, as well as resolution 49/19, in which the Assembly established the Ad Hoc Intergovernmental Working Group of Experts to study the implementation of the principle of capacity to pay as the fundamental criterion for determining the scale of assessments governing contributions to the regular budget, are steps in the right direction.

When all these conclusions are available to the Fifth Committee, it will surely be in a position to work in a more informed way, and thus better able to study the financial situation of the United Nations, the causes of the crisis, and the solutions to it.

In this connection, we should continue to streamline the work and try to avoid the simultaneous allocation of items to various working groups or committees which already have mandates and purviews of their own. This will help us avoid the duplication of efforts and enable us to use the limited financial resources available in the best possible way.

The growth of peace-keeping operations from eight missions in mid-1990 with a budget of $600 million to some 29 operations costing more than $3 billion faces the Organization with a new financial reality. None the less, the guidelines for the distribution of the expenditures of the Organization should be maintained, while, without prejudice to the principle of collective responsibility, capacity to pay must be the overriding principle. The economically more developed countries and those with greater resources can make greater contributions, whereas the developing countries, facing a rise in the costs of the United Nations, have a very limited capacity to cover the new, large expenditures.

We must also maintain intact the principles governing the allocation of expenditures of peace-keeping operations, bearing in mind the particular responsibility that must be borne by the permanent members of the Security Council. In this connection, we reiterate the position adopted by the Rio Group and contained in document A/47/232, in paragraph 21 and following paragraphs.

The precarious financial situation not only has an impact on the United Nations as a whole but also entails a new burden and creates an unequal situation among States, in view of the fact that countries contributing troops to peace-keeping operations ultimately cover arrears, and many of those States are developing countries.

Whatever the solution may be, it must take into consideration the Organization's liquidity problems, as no measure will have an impact on the situation if States remain in arrears.

I should like to assure the President of our delegation's full support and cooperation in his efforts to solve the problem before us.

The meeting rose at 1.10 p.m.